

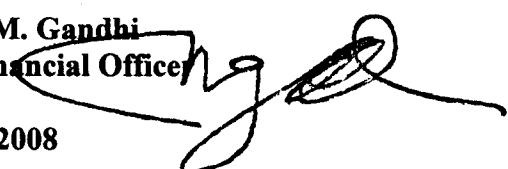
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: July 15, 2008

SUBJECT: Fiscal Impact Statement: "Central Union Mission Equitable Tax Relief Emergency Act of 2008"

REFERENCE: Draft – no number assigned

Conclusion

Funds are not sufficient in the FY 2008 budget, but are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed legislation would have an impact of \$210,810 in FY 2008.

Background

The Central Union Mission Equitable Tax Relief Emergency Act of 2008 would forgive Central Union Mission from paying real property taxes for tax year 2008 on properties it owns on or near Georgia Avenue NW described as Lots 825, 826, 830 and 831 in Square 2895. In addition, the proposed bill would exempt the properties from transfer and recordation taxes. The legislation would also refund any payments made by Central Union Mission.

The properties have a combined assessed property value of approximately \$2.68 million in FY 2008:

Address	Lot, Square	2008 Assessed Value	2008 Real Property Tax
3510 Georgia Ave NW	Lot 0825, Square 2895	\$1,139,990	\$57,000
3506 Georgia Ave NW	Lot 0826, Square 2895	\$532,980	\$9,860
3512 Georgia Ave NW	Lot 0830, Square 2895	\$490,870	\$9,081
714 Newton Place NW	Lot 0831, Square 2895	\$514,240	\$25,712
Total		\$2,678,080	\$101,653

The properties owned by Central Union Mission are not currently tax exempt, but have exemption applications pending. In the absence of an approval of the applications, real property taxes of \$101,653 would be owed for FY 2008. To date in FY 2008, it does not appear that Central Union Mission has made any real property tax payments.

The District intends to receive the Georgia Avenue properties from Central Union Mission in exchange for ownership of the Gales School property (B17-0899). Based on the proposed exchange, recordation taxes of \$129,494 will be owed on the recordation of the Gales School property by Central Union Mission. The proposed legislation does not exempt Central Union Mission from recordation taxes related to the Gales School property. However, Central Union Mission would owe transfer taxes of \$38,832 when it transfers the Georgia Avenue properties to the District. In addition, Central Union Mission owes approximately \$70,325 in recordation taxes, penalties and interest because recordation taxes were not paid when it received the Georgia Avenue properties.

Financial Plan Impact

Funds are not sufficient in the FY 2008 budget, but are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. In addition to the \$101,653 in property taxes owed in FY 2008, given the impending exchange of the Gales School property for the Georgia Avenue properties, Central Union Mission would owe \$38,832 in transfer taxes. Central Union Mission also owes \$70,325 in recordation taxes, penalties and interest.

Fiscal Impact

Taxes owed by Central Union Mission					
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Real Property Taxes	\$101,653	\$0	\$0	\$0	\$0
Recordation Taxes	\$70,325	\$0	\$0	\$0	\$0
Transfer Taxes	\$38,832	\$0	\$0	\$0	\$0
Total	\$210,810	\$0	\$0	\$0	\$0